Message

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**Sent**: 2018-03-20 3:24:17 PM
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**Subject**: FW: Market Rules Question on Default Levy

**Importance**: High

Here are our collective suggestions in red:

Given that:

(a) The Fair Hydro Plan is not part of the IESO Administered Markets settlement requirements – however chapter 9 section 1.2.1 states, the IESO shall with respect to determining, collecting, and remitting applicable settlement amounts, comply with Electricity and OEB Acts and related regulations; and

(b) The Ontario Fair Hydro Plan Act, 2017 along with the associated Regulations (O. Reg. 206/17, O. Reg. 196/17, and O. Reg. 195/17) and amendments to the Electricity Act, 1998 and OEB Act, 1998 directs the IESO settlement requirements; and

(c) Payments by the IESO to generators with a procurement contract (defined in the Electricity Act) are not made pursuant to the market rules; and

(d) The IESO receives and pays cash from IESO Administered Market participants pursuant to the market rules for certain transactions;

(i) Then, why are the balances pertaining to the settlement process for transactions pursuant to each of the above presented on the same IESO balance sheet line items (i.e. Market accounts – assets and Market accounts – liabilities) as at December 31, 2017? "Market accounts" are inclusive of charges from the settlement process which includes those noted in (a) above.

*(ii)* Are the risks (not the administrative settlement processes) around the cash flows for the IESO and relevant electricity market participants in each case above identical to each other? The IESO has disclosed all appropriate material risks (liquidity, credit, market, etc.) in the IESO's audited financial statements and/or notes thereof.

(iii) If the risks to IESO and the relevant electricity market participants are not identical, then please explain how they are each different. The IESO has disclosed all appropriate material risks (liquidity, credit, market, etc.) in the IESO's audited financial statements and/or notes thereof. Risks pertaining to each third party (such as those of market participants, or the Fair Hydro Trust etc.) should be addressed in their own respective financial statements.

*Regards,*

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